
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 88-73, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 " (b) Any member who became a member before July 1, 2012,
4 and first earned credited service as a judge after June 30,
5 1999, [but before July 1, 2012,] and who [has]:

6 (1) Has at least five years of credited service and has
7 attained age fifty-five; or [has]

8 (2) Has at least twenty-five years of credited service,
9 shall become eligible to receive a retirement allowance after
10 the member has terminated service. [~~Any member who first earned~~
11 ~~credited service as a judge after June 30, 2012, and has at~~
12 ~~least ten years of credited service and has attained age sixty~~
13 ~~or has at least twenty five years of credited service and has~~
14 ~~attained age fifty five shall be eligible to receive a~~
15 ~~retirement allowance after the member has terminated service.]"~~

16 SECTION 2. Section 88-74, Hawaii Revised Statutes, is
17 amended as follows:

18 1. By amending subsections (c) and (d) to read:



1 "(c) If a member, who became a member prior to July 1,
2 2012, has credited service as a judge, the member's retirement
3 allowance shall be computed on the following basis:

4 (1) For a member who has credited service as a judge
5 before July 1, 1999, irrespective of age, for each
6 year of credited service as a judge, three and one-
7 half per cent of the member's average final
8 compensation in addition to an annuity that is the
9 actuarial equivalent of the member's accumulated
10 contributions allocable to the period of service;

11 (2) For a member who first earned credited service as a
12 judge after June 30, 1999, but before July 1, 2012,
13 for each year of credited service as a judge, three
14 and one-half per cent of the member's average final
15 compensation in addition to an annuity that is the
16 actuarial equivalent of the member's accumulated
17 contributions allocable to the period of service. If
18 the member has not attained age fifty-five, the
19 member's retirement allowance shall be computed as
20 though the member had attained age fifty-five, reduced
21 for age as provided in subsection (e);



- 1 (3) For a member who first earned credited service as a
2 judge after June 30, 2012, for each year of credited
3 service as a judge, three per cent of the member's
4 average final compensation in addition to an annuity
5 that is the actuarial equivalent of the member's
6 accumulated contributions allocable to the period of
7 service. If the member has not attained age [~~sixty,~~
8 fifty-five, the member's retirement allowance shall be
9 computed as though the member had attained age
10 [~~sixty,~~ fifty-five, reduced for age as provided in
11 subsection [~~(i)~~] (e);
- 12 (4) For a judge with other credited service, as provided
13 in subsection (b). If the member has not attained age
14 fifty-five, the member's retirement allowance shall be
15 computed as though the member had attained age fifty-
16 five, reduced for age as provided in subsection (e);
17 or
- 18 (5) For a judge with credited service as an elective
19 officer or as a legislative officer, as provided in
20 subsection (d).

21 No allowance shall exceed seventy-five per cent of the member's
22 average final compensation. If the allowance exceeds this



1 limit, it shall be adjusted by reducing the annuity included in
2 paragraphs (1), (2), and (3) and the portion of the accumulated
3 contributions specified in paragraphs (1), (2), and (3) in
4 excess of the requirements of the reduced annuity shall be
5 returned to the member upon the member's retirement or paid to
6 the member's designated beneficiary upon the member's death
7 while in service or while on authorized leave without pay. The
8 allowance for judges under this subsection, together with the
9 retirement allowance provided by the federal government for
10 similar service, shall in no case exceed seventy-five per cent
11 of the member's average final compensation.

12 (d) If a member, who became a member before July 1, 2012,
13 has credited service as an elective officer or as a legislative
14 officer, the member's retirement allowance shall be derived by
15 adding the allowances computed separately under paragraphs (1),
16 (2), (3), (4), (5), and (6) as follows:

17 (1) For a member who has credited service as an elective
18 officer before July 1, 2012, irrespective of age, for
19 each year of credited service as an elective officer,
20 three and one-half per cent of the member's average
21 final compensation as computed under section 88-
22 81(e)(1), in addition to an annuity that is the



- 1 actuarial equivalent of the member's accumulated
2 contributions allocable to the period of service;
- 3 (2) For a member, who first earned credited service as an
4 elective officer after June 30, 2012, irrespective of
5 age, for each year of credited service as an elective
6 officer, three per cent of the member's average final
7 compensation as computed under section 88-81(e)(1), in
8 addition to an annuity that is the actuarial
9 equivalent of the member's accumulated contributions
10 allocable to the period of service;
- 11 (3) For a member who has credited service as a legislative
12 officer before July 1, 2012, irrespective of age, for
13 each year of credited service as a legislative
14 officer, three and one-half per cent of the member's
15 average final compensation as computed under section
16 88-81(e)(2), in addition to an annuity that is the
17 actuarial equivalent of the member's accumulated
18 contributions allocable to the period of service;
- 19 (4) For a member who first earned credited service as a
20 legislative officer after June 30, 2012, irrespective
21 of age, for each year of credited service as a
22 legislative officer, three per cent of the member's



1 average final compensation as computed under section
2 88-81(e)(2), in addition to an annuity that is the
3 actuarial equivalent of the member's accumulated
4 contributions allocable to the period of service;

5 (5) If the member has credited service as a judge, the
6 member's retirement allowance shall be computed on the
7 following basis:

8 (A) For a member who has credited service as a judge
9 before July 1, 1999, irrespective of age, for
10 each year of credited service as a judge, three
11 and one-half per cent of the member's average
12 final compensation as computed under section 88-
13 81(e)(3), in addition to an annuity that is the
14 actuarial equivalent of the member's accumulated
15 contributions allocable to the period of service;

16 (B) For a member who first earned credited service as
17 a judge after June 30, 1999, but before July 1,
18 2012, and has attained the age of fifty-five, for
19 each year of credited service as a judge, three
20 and one-half per cent of the member's average
21 final compensation as computed under section 88-
22 81(e)(3), in addition to an annuity that is the

1 actuarial equivalent of the member's accumulated
2 contributions allocable to the period of service.
3 If the member has not attained age fifty-five,
4 the member's retirement allowance shall be
5 computed as though the member had attained age
6 fifty-five, reduced for age as provided in
7 subsection (e); and

8 (C) For a member who first earned credited service as
9 a judge after June 30, 2012, and has attained the
10 age of [~~sixty,~~] fifty-five, for each year of
11 credited service as a judge, three per cent of
12 the member's average final compensation as
13 computed under section 88-81(e)(3), in addition
14 to an annuity that is the actuarial equivalent of
15 the member's accumulated contributions allocable
16 to the period of service. If the member has not
17 attained age [~~sixty,~~] fifty-five, the member's
18 retirement allowance shall be computed as though
19 the member had attained age [~~sixty,~~] fifty-five,
20 reduced for age as provided in subsection [~~(i)~~]
21 (e); and



1 (6) For each year of credited service not included in
2 paragraph (1), (2), (3), (4), or (5), the average
3 final compensation as computed under section 88-
4 81(e)(4) shall be multiplied by two per cent for
5 credited service earned as a class A or class H
6 member, two and one-half per cent for credited service
7 earned as a class B member, and one and one-quarter
8 per cent for credited service earned as a class C
9 member. If the member has not attained age fifty-
10 five, the member's retirement allowance shall be
11 computed as though the member had attained age fifty-
12 five, reduced for age as provided in subsection (e).
13 The total retirement allowance shall not exceed seventy-five per
14 cent of the member's highest average final compensation
15 calculated under section 88-81(e)(1), (2), (3), or (4). If the
16 allowance exceeds this limit, it shall be adjusted by reducing
17 any annuity accrued under paragraphs 1, 2, 3, 4, and 5 and the
18 portion of the accumulated contributions specified in these
19 paragraphs in excess of the requirements of the reduced annuity
20 shall be returned to the member upon the member's retirement or
21 paid to the member's designated beneficiary upon the member's
22 death while in service or while on authorized leave without pay.



1 If a member has service credit as an elective officer or as a
2 legislative officer in addition to service credit as a judge,
3 then the retirement benefit calculation contained in this
4 subsection shall supersede the formula contained in subsection
5 (c)."

6 2. By amending subsection (f) to read:

7 "(f) If a member, who becomes a member after June 30,
8 2012, has attained age sixty, the member's maximum retirement
9 allowance shall be one and three-fourths per cent of the
10 member's average final compensation multiplied by the total
11 number of years of the member's credited service as a class A
12 and class B member, excluding any credited service as a judge,
13 elective officer, or legislative officer, plus a retirement
14 allowance of one and one-fourth per cent of the member's average
15 final compensation multiplied by the total number of years of
16 prior credited service as a class C member, plus a retirement
17 allowance of one and three-fourths per cent of the member's
18 average final compensation multiplied by the total number of
19 years of prior credited service as a class H member; provided
20 that:

21 (1) If the member has at least ten years of credited
22 service of which the last five or more years prior to



1 retirement is credited service as a firefighter,
2 police officer, or an investigator of the department
3 of the prosecuting attorney;

4 (2) If the member has at least ten years of credited
5 service of which the last five or more years prior to
6 retirement is credited service as a corrections
7 officer;

8 (3) If the member has at least ten years of credited
9 service of which the last five or more years prior to
10 retirement is credited service as an investigator of
11 the department of the attorney general;

12 (4) If the member has at least ten years of credited
13 service of which the last five or more years prior to
14 retirement is credited service as a narcotics
15 enforcement investigator;

16 [~~5~~] ~~If the member has at least ten years of credited~~
17 ~~service of which the last five or more years prior to~~
18 ~~retirement is credited service as a water safety~~
19 ~~officer;~~

20 ~~6~~] (5) If the member has at least ten years of credited
21 service, of which the last five or more years prior to



1 retirement is credited service as a public safety
2 investigations staff investigator;

3 ~~[(7)]~~ (6) If the member:

4 (A) Has at least ten years of credited service as a
5 firefighter;

6 (B) Is deemed permanently medically disqualified due
7 to a service related disability to be a
8 firefighter by the employer's physician; and

9 (C) Continues employment in a class A or class B
10 position other than a firefighter; and

11 ~~[(8)]~~ (7) If the member:

12 (A) Has at least ten years of credited service as a
13 police officer;

14 (B) Is deemed permanently medically disqualified due
15 to a service related disability to be a police
16 officer by the employer's physician; and

17 (C) Continues employment in a class A or class B
18 position other than a police officer,

19 then for each year of service as a firefighter, police officer,
20 corrections officer, investigator of the department of the
21 prosecuting attorney, investigator of the department of the
22 attorney general, narcotics enforcement investigator, ~~[water~~



1 ~~safety officer,~~] or public safety investigations staff
2 investigator, the retirement allowance shall be two and one-
3 fourth per cent of the member's average final compensation. The
4 maximum retirement allowance for those members shall not exceed
5 eighty per cent of the member's average final compensation. If
6 the member has not attained age sixty, the member's retirement
7 allowance shall be computed as though the member had attained
8 age sixty, reduced for age as provided in subsection (i)."

9 3. By amending subsection (i) to read:

10 "(i) Except as provided in subsections (f), (g), and (h),
11 if a member, who becomes a member after June 30, 2012, has not
12 attained age sixty at the date of retirement, the member's
13 retirement allowance shall be reduced, for each month the
14 member's age at the date of retirement is below age sixty, as
15 follows:

- 16 (1) 0.4166 per cent for each month below age [~~fifty-nine~~
17 sixty and above age fifty-four and eleven months; plus
18 (2) 0.3333 per cent for each month below age fifty-five
19 and above age forty-nine and eleven months; plus
20 (3) 0.2500 per cent for each month below age fifty and
21 above age forty-four and eleven months; plus
22 (4) 0.1666 per cent for each month below age forty-five;



1 provided that no reduction shall be made if the member has
2 attained the age of fifty-five and has at least twenty-five
3 years of credited service as a firefighter, police officer,
4 corrections officer, investigator of the department of the
5 prosecuting attorney, investigator of the department of the
6 attorney general, narcotics enforcement investigator, public
7 safety investigations staff investigator, sewer worker, water
8 safety officer, or emergency medical technician, of which the
9 last five or more years prior to retirement is credited service
10 in these capacities."

11 SECTION 3. Section 88-81, Hawaii Revised Statutes, is
12 amended as follows:

13 1. By amending subsection (a) to read:

14 "(a) Average final compensation is the average annual
15 compensation, pay, or salary upon which a member has made
16 contributions as required by parts II, VII, and VIII of this
17 chapter."

18 2. By amending subsection (f) to read:

19 "(f) If a member, who becomes a member after June 30,
20 2012, has credited service rendered as an elective officer or as
21 a legislative officer, the member's average final compensation



1 shall be computed separately for each category of service as
2 follows:

3 (1) For the five highest paid years of credited service as
4 an elective officer, or if the member has fewer than
5 five years of credited service in that capacity, then
6 the member's actual years of credited service;

7 (2) For the five highest paid years of credited service as
8 a legislative officer, or if the member has fewer than
9 five years of credited service in that capacity, then
10 the member's actual years of credited service;

11 (3) For the five highest paid years of credited service as
12 a judge, or if the member has fewer than [~~three~~] five
13 years of credited service in that capacity, then the
14 member's actual years of credited service; and

15 (4) For the five highest paid years of credited service
16 not included in paragraph (1), (2), or (3), or if the
17 member has fewer than five years of credited service
18 in that capacity, then the member's actual years of
19 credited service."

20 SECTION 4. Section 88-335, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "§88-335 Ordinary disability retirement allowance. (a)

2 Upon retirement for ordinary disability, a class H member who
3 became a member before July 1, 2012, shall receive a maximum
4 retirement allowance equal to the higher of either:

5 (1) Two per cent of the average final compensation
6 multiplied by the number of years of class H credited
7 service unreduced for age, plus one and one-fourth per
8 cent of the member's average final compensation
9 multiplied by the number of years of class C credited
10 service unreduced for age; or

11 (2) Twenty-five per cent of the member's average final
12 compensation.

13 (b) Upon retirement for ordinary disability, a class H
14 member who becomes a member after June 30, 2012, shall receive a
15 maximum retirement allowance equal to the higher of either:

16 (1) One and three-fourths per cent of the average final
17 compensation multiplied by the number of years of
18 class H credited service unreduced for age, plus one
19 and one-fourth per cent of the member's average final
20 compensation multiplied by the number of years of
21 class C credited service unreduced for age; or



1 (2) Twenty-five per cent of the member's average final
2 compensation."

3 SECTION 5. Section 88-338, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Upon receipt by the system of proper proof of a class
6 H member's death occurring in service or while on authorized
7 leave without pay and if no pension is payable under section 88-
8 339, there shall be paid to the member's designated beneficiary
9 an ordinary death benefit as follows:

10 (1) [~~If the member had less than five years of credited~~
11 ~~service at the time of death, the~~] The member's
12 accumulated contributions shall be paid to the
13 member's designated beneficiary[+] if:

14 (A) The member became a member before July 1, 2012,
15 and had less than five years of credited service
16 at the time of death; or

17 (B) The member became a member after June 30, 2012,
18 and had less than ten years of credited service
19 at the time of death;

20 (2) [~~If the member had five or more years of credited~~
21 ~~service at the time of death, an~~] An amount equal to



1 the member's hypothetical account balance shall be
2 paid to the member's designated beneficiary[+] if:

3 (A) The member became a member before July 1, 2012,
4 and had five or more years of credited service at
5 the time of death; or

6 (B) The member became a member after June 30, 2012,
7 and had ten or more years of credited service at
8 the time of death;

9 (3) If the member had ten or more years of credited
10 service at the time of death, the member's designated
11 beneficiary may elect to receive in lieu of any other
12 payment provided in this section, the allowance that
13 would have been payable as if the member had retired
14 on the first day of a month following the member's
15 death, except for the month of December when
16 retirement on the first or last day of the month shall
17 be allowed. Benefits payable under this paragraph
18 shall be calculated under option 3 of section 88-83
19 and computed on the basis of section 88-332, unreduced
20 for age; or

21 (4) If the member was eligible for service retirement at
22 the time of death, the member's designated beneficiary



1 may elect to receive in lieu of any other payment
2 provided in this section, the allowance that would
3 have been payable as if the member had retired on the
4 first day of a month following the member's death,
5 except for the month of December when retirement on
6 the first or last day of the month shall be allowed.
7 Benefits payable under this paragraph shall be
8 calculated under option 2 of section 88-83 and
9 computed on the basis of section 88-332."

10 SECTION 6. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2011.



Report Title:

Employees' Retirement System

Description:

Corrects errors. Harmonizes ordinary disability and ordinary death benefits for new members of the Employees' Retirement System with their service retirement benefits. Harmonizes age and service requirements for judges who are currently members of the Employees' Retirement System with the requirements for other contributory plan members. Effective July 1, 2011. (HB2487 HD1)

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